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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 002218

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SUBJECT: CONTACTS SAY WANG YI APPOINTMENT SIGNALS
DETERMINATION TO IMPROVE CROSS-STRAIT RELATIONS

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b) and (d).

Summary

¶1. (C) Embassy contacts say veteran diplomat Wang Yi's appointment as Director of the State Council Taiwan Affairs Office (TAO) signals an effort to improve cross-Strait relations. Appointing a diplomat to handle Taiwan also sends a strong signal regarding Beijing's recognition of the need to address Taiwan's desire for increased international space. Contacts praised Wang as bright, capable and creative. They say that newly minted State Councilor Dai Bingguo is responsible for Wang's appointment and is playing a greater role on Taiwan policy. One contact noted that Central Policy Research Office Director Wang Huning participated in all the meetings with visiting KMT Chair Wu Poh-hsiung and may be playing a significant role. Hu Jintao is personally directing Taiwan policy, and fellow Politburo Standing Committee member Jia Qinglin, in charge of the Taiwan portfolio, also has input. Wang Yi may face challenges in adapting to the new institution, and it may be difficult to run the TAO with Chen Yunlin, TAO's director for the past decade, heading up the Association for Relations Across the Taiwan Strait (ARATS). End Summary.

Wang Yi New TAO Chief, Chen Yunlin to Head ARATS

¶2. (C) Executive Vice Foreign Minister (EVFM) Wang Yi was formally announced as the new Director of the TAO as he opened the plenary session of the 2nd ARATS Board of Directors meeting June 3 in the Great Hall of the People. (Note: The first Board of Directors meeting was held in 1991 when ARATS was founded and former Shanghai Mayor Wang Daohan was appointed Chair.) From 2004 until he began his recent two-month stint as EVFM, Wang was China's Ambassador to Japan, a period which saw a significant thaw in relations. As expected, ARATS elected Chen Yunlin (TAO Director since 1997) as the new Chair to replace Wang Daohan, who passed away in December 2005. TAO Executive Deputy Director Zheng Lizhong, who was rumored to be in line for the TAO job, was named Executive Deputy Chair of ARATS. Zheng and fellow TAO deputy Sun Yafu, who was also named as an ARATS Deputy Chair, will keep their positions at TAO. Politburo Standing Committee Member and CPPCC Chair Jia Qinglin and State Councilor Dai Bingguo spoke at the ARATS board meeting on June 3.

Appointment Signals External Aspect of Taiwan Policy

¶3. (C) Zhou Zhihuai (protect), Vice President of the Institute of Taiwan Studies at the Chinese Academy of Social

Sciences (CASS), told PolOff on June 3 that Wang's appointment signals an increased willingness to accommodate Taiwan's desire for international space. Everyone expects that the weekend charter flights and Mainland tourism issue will be resolved quickly, Zhou said, but the next major issue will be Taiwan's international space, which Wang Yi will be able to manage well. Zhou asserted that Wang's appointment signals an end to differing approaches between the TAO and MFA, in which in the past has meant that the TAO tried to win hearts and minds on Taiwan while the MFA played a more adversarial role as it sought to limit Taiwan's international space. As an example, Zhou claimed, even before Chen Shui-bian left office, the PRC rebuffed a request from "a certain country" to shift diplomatic relations from Taipei to Beijing.

¶4. (C) Gu Guoliang, Deputy Directr of CASS's Institute of American Studies, told PolMinCouns on June 5 that Executive Vice Freign Minister Wang Yi's posting to the TAO is a significant development. The assignment suggests a determined attempt to improve cross-Strait relations and look seriously at such issues as Taiwan's international space. On increased "international space" for Taiwan, Gu confirmed PRC officials are considering how this might be accomplished. He stressed, however, that this is a tricky issue for Beijing. No move in this direction can bring into question the "sovereignty issue" or suggest there are "two Chinas." Another concern is of giving away "space" now that China might regret if the pro-independence Democratic Progressive Party comes back into power in a future election.

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¶5. (C) In a conversation with PolOff on June 5, Zhu Feng (protect), Deputy Director of Peking University's Center for Strategic and International Studies, commented that because of Wang's stellar reputation at the MFA, he is ideally suited to implement a more liberal policy toward Taiwan's international participation. Zhu argued that the assignment also signals that Hu Jintao increasingly views Taiwan as an "international" issue, although this can never be admitted publicly.

¶6. (C) Jia Qingguo (protect), Vice Dean of Peking University's School of International Studies, told PolOff on June 5 that Wang's appointment represents a "correction" in PRC policy toward Taiwan. Jia quoted former Premier Zhou Enlai's statement that while Taiwan is an "internal affair" of China, it also has "external" elements. Jia said that previous TAO directors all came from a provincial or Party background, but this is the first time someone with extensive foreign policy experience is running the office. Jia acknowledged that the MFA and TAO played differing roles vis-a-vis Taiwan in the past, but attributed this to differing institutional missions. Even though some in Taiwan may have misgivings about the MFA, Jia argued, they would be familiar with Wang's positive reputation and would find him easy to work with. Jia also said that in his new position, Wang will focus on his new role and not worry about the MFA's institutional interests.

Praise for Wang Yi

¶7. (C) All of our interlocutors had high praise for Wang Yi. Renmin University Professor Shi Yinhong (protect) commented that Wang is bright, capable, experienced, insightful and flexible and will be able to handle the complexities of dealing with Taiwan. He noted that Wang has good ties to the Chinese leaders. Gu Guoliang similarly said Wang Yi is a capable official with good ties to senior leaders. (Note: Shi and Gu declined to specify which senior leaders.) Zhu Feng praised Wang's experience in dealing with difficult issues with China's neighbors and noted that he is the son-in-law of Zhang Jiadong, Zhou Enlai's personal secretary. Jia Qingguo called Wang thoughtful, diligent and creative.

In this respect, Jia said Wang compares favorably with Chen Yunlin, who he called a "by the book" official. This creativity would be much needed when and if the two sides deal with the fundamental disputes over sovereignty and Taiwan's status, Jia said.

New Players on Taiwan Policy

18. (C) Zhou Zhihuai, who attended the June 3 ARATS meeting, said that State Councilor and former EVFM Dai Bingguo nominated Wang for the TAO job. On the afternoon of June 2, Dai escorted Wang to the TAO to introduce him to the staff. Zhou said that Dai developed good ties with Hu Jintao while serving as head of the Party's Foreign Affairs Office and that this is why Hu accepted Dai's suggestion. Shi Yinhong made a similar point, saying that Dai's participation in the Hu Jintao-Wu Poh-hsiung talks, his speech at the ARATS meeting, and his ties to Wang Yi signal more involvement by Dai in Taiwan affairs. Zhu Feng explained that Dai is responsible for both the TAO and the MFA's work from his State Councilor position and said that former State Councilor Tang Jiaxuan and Dai both have close ties to Wang Yi. Jia Qingguo said that in addition to Hu Jintao, key policymakers on Taiwan issues will be Jia Qinglin, Dai Bingguo and Wang Yi.

19. (C) According to Gu, however, the person to watch on Mainland Taiwan policy is Central Policy Research Office (Zhongyang Zhengce Yanjiushi) Director Wang Huning (also a member of the Central Committee Secretariat and of the Central Group for Constitutional Amendments). Wang sat in on all of Wu Poh-hsiung's meetings with PRC officials and is a close advisor to President Hu Jintao.

10. (C) All of the interlocutors noted Hu's paramount role in Taiwan-related policymaking. "Make no mistake about it," Gu stressed, "Hu Jintao is in charge of Mainland Taiwan policy." Shi Yinhong said it does not matter who holds the TAO post, because Hu Jintao manages the Taiwan issue directly.

Chen Yunlin's Role as Head of ARATS

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11. (C) Contacts offered significantly divergent views on Chen Yunlin's role at ARATS and how Wang Yi and Chen would interact. (Note: ARATS and TAO share an office building, as well as personnel.) Shi said that coming in as an outsider to the TAO may pose institutional challenges for Wang, especially with Chen Yunlin staying on as ARATS chair. Zhu Feng said that Chen, with a position in the CPPCC and now ARATS, is essentially retired and Wang Yi would bring in his own people and quickly put his own stamp on TAO. Jia Qingguo said that even though Chen is technically under Wang, Wang would have to defer to him because of his experience and long institutional ties to the TAO. Zhou Zhihuai said Chen Yunlin will be actively involved with the policy process and have a good feel for senior leaders' wishes in the cross-Strait dialogue.

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